CARBACID INVESTMENTS LIMITED

(68)

REPORT AND FINANCIAL STATEMENTS 2001

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2001
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.K46
C373
2001
c.2

1. Carbacid Investments Limited -- Periodicals
2. Gas industry -- Kenya -- Periodicals

directors and corporate information

DIRECTORS:	S G Smith Chairman P R Simpson R A Shepherd K S N Matiba J M Wanjigi Sir Peter Hewett Bt (died on 1 June 2001)
SECRETARY:	N P Kothari, FCPS (Kenya) P O Box 30633 Nairobi
REGISTERED OFFICE:	Comcraft House Haile Selassie Avenue P O Box 30633 Nairobi Kenya
AUDITORS:	Deloitte & Touche Certified Public Accountants (Kenya) "Kirungii", Ring Road, Westlands P O Box 40092 Nairobi
BANKERS:	Standard Chartered Bank Kenya Limited Industrial Area Branch P O Box 18081 Nairobi Commercial Bank of Africa Limited P O Box 45136 Nairobi Stanbic Investment Services (EA) Limited P O Box 30550 Nairobi
ADVOCATES:	Kaplan & Stratton P O Box 40111 Nairobi Daly & Figgis P O Box 40034 Nairobi Omamo & Omamo P O Box 61793 Nairobi

2007/0781

NOTICE IS HEREBY GIVEN that the thirty-first Annual General Meeting of the Company will be held at Nairobi Serena Hotel (Allamanda Room), Kenyatta Avenue, Nairobi on Friday 21st December 2001 at 10.30 a.m., for the following purposes:

1. To receive the Directors' Report and audited financial statements for the year ended 31 July 2001.

2. To approve Directors' fees.

3. To declare a final dividend.

4. To re-elect a Director: Mr K S N Matiba retires by rotation and being eligible offers himself for re-election.

5. To authorise the Directors to fix the remuneration of the auditors, Deloitte & Touche.

By Order of the Board

N P Kothari
Secretary
Nairobi
7 November 2001

A member entttled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him A proxy need not be a member of the Company.

FOR THE YEAR ENDED 31 JULY 2001

GENERAL

Many companies around the world have been reporting lower earnings and lower share values in keeping with general worldwide economic conditions. Kenya has been no exception and these circumstances together with the impact of reduced sales to East African Breweries Limited, which I reported upon previously, have impacted adversely on the Company's results for the year ended 31st July 2001. Having said that we have made a satisfactory profit and been able to maintain the dividend at the previous year's level based upon the share capital increased by the bonus issue of last December. Our cash position and cash flow continue to be extremely healthy; indeed our current assets which are mainly in cash are equal to Shs 36/- per share and our fixed assets are equal to Shs 29/- per share making a total of Shs 65/- per share at balance sheet values. The Nairobi Stock Exchange is depressed by economic, political and current events and our present share price, together with others, does not reflect the true worth of our Company.

SALES

Local and export sales have been at a satisfactory level taking into account the reduction of sales to East African Breweries Limited.

DEVELOPMENTS

The production facilities of the Company's subsidiary, which have performed well during the year, have been greatly enhanced by the substantial investment in the new catalytic converter which has enabled us to provide our bottling customers with product of greater purification to meet new and higher international standards.

DIRECTORS

The Board is deeply saddened to report the sudden and unexpected death of Sir Peter Hewett Bt., On 1st June 2001 while on a visit to England. Sir Peter was a pillar of strength and wise counsel on the Boards of the Company and its subsidiary and we greatly miss the interest he showed in many aspects of our business. We extend our heartfelt condolences to his family.

I should now like to mention the outstanding contribution to the success of our companies made by Mr Tony Shepherd as Managing Director since our early beginnings. Mr Shepherd has attained the age of retirement and the position of Managing Director has been taken over by Mr Peter Simpson with effect from 1st June 2001. Mr Simpson has been General Manager for many years and I wish him every success in his new appointment. Mr Shepherd will continue as a Director and I take this opportunity on behalf of all our shareholders and the Board to record our special appreciation for his many years of loyal and valued service.

DIVIDENDS

An interim dividend of 22% (2000-22%) was paid in April. The Directors have recommended that a final dividend of 33% (2000 - 33%) be paid in December 2001.

FUTURE PROSPECTS

As we head into the year 2002 with war on terror very much before us, with difficult economic conditions already present and with an election year ahead of us, financial year to 31st July 2002 will certainly be a challenging one for Carbacid.

STAFF

As usual our staff have done an excellent job and on behalf of the Board and Shareholders, I extend our warmest appreciation to them all.

NAIROBI
7 NOVEMBER 2001

S G SMITH
CHAIRMAN

MAELEZO KWA UJUMLA

Kampuni nyingi pande zote ulimwenguni zimekuwa zikiripoti mapato ya chini na bei za chini za hisa kuambatana na hali ya kawaida ya kiuchumi ulimwenguni. Kenya haijakuwa tofauti na hali hii pamoja na athari ya mauzo yaliyopungua kwa East African Breweries Limited, ambayo niliripoti hapo mbeleni, yame athiri vibaya matokeo ya kampuni ya mwaka uliomalizika Julai 31, 2001.
Baada ya kusema hayo, tumepata faida ya kuridhisha na tumeweza kuhifadhi mgao wa faida katika kiwango cha miaka iliyopita kwenye mtaji ulio ongezewa na toleo la mtaji wa hisa Desemba iliyopita. Hali yetu ya pesa na mtiririko wa pesa zaendelea kuwa zenye nguvu sana. Kweli rasilimali zetu zisizo za kudumu ambazo nyingi zao ni pesa ni sawa na shillingi 36/- kwa kila hisa na rasilimali za kudumu ni sawa na shillingi 29/- kwa kila hisa, hii inafanya kwa ujumla, kuwa sawa na shillingi 65/- kwa kila hisa katika thamani za hesabu za mwisho wa mwaka. Hali ya soko la hisa (Nairobi Stock Exchange) iko chini kutokana na hali ya kiuchumi, siasa na matukio ya kila siku na bei ya sasa ya hisa zetu pamoja na mengineyo haionyeshi ukweli kuhusu thamani ya kampuni yetu.

MAUZO

Mauzo ya hapa nchini na nchi za nje yamekuwa katika hali ya kuridhisha uki hesabu mauzo yaliyopungua kwa East African Breweries Limited

MAENDELEO

Mitambo na vifaa vya kazi vya kampuni tanzu ya kampuni yetu ambavyo vimefanya kazi vizuri katika mwaka huu, vimeimarishwa na kuwekwa rasilimali kubwa katika mtambo mpya wa kuharakisha mageuzi (catalytic converter) ambao umetuwezesha kutolea wateja wetu wenye kuweka bidhaa kwenye chupa, bidhaa iliyo safi zaidi na inayotimiza viwango vipya na vya juu vya kimataifa.

WAKURUGENZI

Halmashauri ya wakurugenzi inasikitika kuripoti kifo cha ghafla na kisichotarajiwa cha Bw Peter Hewett hapo Juni 1, 2001 alipokuwa aki zuru Uingereza . Bw Hewett alikuwa mwenye kuunga mkono na mwenye mawaidha yenye busara katika halmashauri ya kampuni pamoja na kampuni tanzu ya kampuni yetu na tunakosa moyo wa kupenda aliyoonyesha katika nyanja mbali mbali za biashara yetu. Twatuma rambirambi zetu kwa familia yake.
Ningependa sasa kutaja mchango dhahiri kwa ufanisi wa kampuni zetu uliofanywa na Bw Tony Shepherd kama Mkurugenzi Mkuu tangu hapo mwanzoni. Bw Shepherd amefikisha umri wa kustaafu na nafasi hii ya Mkurugenzi Mkuu imechukuliwa na Bw Peter Simpson kuanzia Juni 1, 2001. Bw Simpson amekuwa Meneja Mkuu kwa miaka mingi na ningemtakia kila ufanisi katika kazi yake mpya. Bw Shepherd ataendelea kuwa Mkurugenzi na ninachukua nafasi hii kwa niaba ya wenye hisa na halmashauri ya Wakurugenzi kutoa shukrani za kipekee kwa utumishi wake wenye uaminifu na ulio thaminiwa.

MIGAO YA FAIDA

Mgao wa muda wa faida wa asilimia 22 (asilimia 22 mnamo 2000) ulilipwa mnamo Aprili 2001. Wakurugenzi wamependekeza kwamba mgao wa mwisho wa asilimia 33 (asilimia 33 mnamo 2000) ulipwe mnamo Desemba 2001.

MATUMAINI YA BAADAYE

Tunapoingia mwaka 2002, vita juu ya ugaidi vikiwa mbele yetu, hali ngumu ya kiuchumi iliyoko na mwaka wa uchaguzi ukiwa mbele yetu, mwaka wa matumizi ya pesa unaomalizika Julai 31, 2002 hakika utakuwa ni mwaka wenye makabiliano kwa Carbacid.

WAFANYI KAZI

Kama kawaida wafanya kazi wamefanya kazi nzuri na kwa niaba ya halmashauri ya Wakurugenzi na wenye hisa ninatoa shukrani zetu nyingi kwao wote.

NAIROBI
NOVEMBA 7, 2001

S G SMITH
MWENYEKITI

report of the directors

The directors present their report together with the group audited financial statements for the year ended 31 July 2001.

ACTIVITIES

The company is a holding company with one wholly owned operating subsidiary, Carbacid (CO_2) Limited, whose principal activity is the mining and sale of carbon dioxide gas.

RESULTS

	Sh'000
Profit before taxation	71,310
Taxation	(28,670)
Net profit for the year transferred to revenue reserve	42,640

DIVIDENDS

An interim dividend of 22% (2000 – 22%) on the paid up share capital amounting to Sh 12,459,000 (2000- Sh10,383,000) was paid in April 2001. The directors propose a final dividend of 33% (2000 – 33%) amounting to Sh 18,689,000 (2000 – Sh 18,689,000). This makes total dividends of 55% amounting to Sh 31,148,000 (2000 – 55% amounting to Sh 29,072,000) in respect of the year.

DIRECTORS

The directors who held office during the year are shown on page 2. Sir Peter Hewett Bt. died on 1 June 2001.

Mr K S N Matiba retires by rotation and being eligible offers himself for re-election.

Mr S G Smith retires by rotation and does not offer himself for re-election.

AUDITORS

The auditors, Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provision of section 159 (2) of the Companies Act (Cap. 486).

By Order of the Board

N P Kothari
Secretary
Nairobi
7 November 2001

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that each company in the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of each company in the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

report of the auditors

TO THE MEMBERS OF CARBACID INVESTMENTS LIMITED

Certified Public Accountants (Kenya)
"Kirungii",
Ring Road, Westlands
P.O.Box 40092
Nairobi
Kenya

Telephone: + (254-2) 441344/05-12
Facsimile: + (254-2) 448966
Dropping Zone Box No. 92
E-mail: admin@dtti.co.ke

Deloitte & Touche

We have audited the financial statements on pages 9 to 25 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of directors and auditors

As described on page 7, the directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion:

(a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;

(b) the financial statements give a true and fair view of the state of affairs of the company and the group at 31 July 2001 and of the profit and cash flows of the group for the year then ended in accordance with International Accounting Standards and comply with the Companies Act.

DELOITTE & TOUCHE
Nairobi
7 November 2001

Deloitte Touche Tohmatsu

Partners: D.M. Ndonye V.M Allen* G.K. Fonderson** H. Gadhoke* S.O. Onyango J.W. Wangai
British* Liberian**

consolidated income statement

FOR THE YEAR ENDED 31 JULY 2001

	Note	2001 Sh'000	2000 Sh'000
TURNOVER		155,474	219,413
COST OF SALES		(50,527)	(45,196)
GROSS PROFIT		104,947	174,217
OTHER OPERATING INCOME		12,182	12,826
DISTRIBUTION COSTS		(35,435)	(39,334)
ADMINISTRATIVE EXPENSES		(32,644)	(47,704)
OPERATING PROFIT	2	49,050	100,005
FINANCE INCOME	4	22,260	33,506
PROFIT BEFORE TAXATION		71,310	133,511
TAXATION	5	(28,670)	(41,298)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	6	42,640	92,213
Basic and diluted earnings per share	7	Sh 3.76	Sh 8.14

consolidated balance sheet

31 JULY 2001

	Note	2001 Sh'000	2000 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	9	[illegible]	346,020
Other investments	11	[illegible]	1,648
		[illegible]	347,668
Current assets			
Inventories	12	[illegible]	8,006
Trade and other receivables	13	[illegible]	49,707
Taxation recoverable		[illegible]	13,105
Bonds and treasury bills	14	[illegible]	158,484
Commercial paper	15	[illegible]	-
Short term deposits		[illegible]	127,278
Bank balances and cash		[illegible]	10,900
		[illegible]	367,480
Total assets		[illegible]	715,148
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	[illegible]	47,195
Capital reserves		[illegible]	224,889
Revenue reserves		[illegible]	338,011
Proposed dividend - gross		[illegible]	18,689
		[illegible]	628,784
Non current liabilities			
Deferred income taxes	17	[illegible]	48,819
Current liabilities			
Trade and other payables	18	[illegible]	23,510
Bank overdraft (secured)			13,830
Taxation payable			205
		[illegible]	37,545
Total equity and liabilities		[illegible]	715,148

The financial statements on pages 9 to 25 were approved by the board of directors on 7 November 2001 and were signed on its behalf by:

J M WANJIGI
R A SHEPHERD } Directors

company balance sheet

31 JULY 2001

	Note	2001 Sh'000	2000 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	9	53,918	54,968
Investment in subsidiary company	10	565,859	558,596
Other investments	11	1,648	1,648
		621,425	615,212
Current assets			
Interest receivable	13	314	-
Taxation recoverable		354	-
Dividend receivable from subsidiary company		30,278	30,296
Bonds and treasury bills	14	[illegible]	-
Commercial paper	15	83,291	-
Short term deposits		32,609	-
Bank balances and cash		2,336	1,323
		331,713	31,619
Total assets		953,138	646,831
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	56,634	47,195
Capital reserves		568,559	561,232
Revenue reserves		(754)	1,668
Proposed dividend - gross		18,689	18,689
		643,128	628,784
Non current liabilities			
Deferred income taxes	17	9,588	1,928
Current liabilities			
Trade and other payables	18	2,532	1,512
Due to subsidiary company	19	297,890	14,402
Taxation payable			205
		300,422	16,119
Total equity and liabilities		953,138	646,831

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The financial statements on pages 9 to 25 were approved by the board of directors on 7 November 2001 and were signed on its behalf by:

J M WANJIGI } Directors
R A SHEPHERD

consolidated statement of changes in equity

FOR THE YEAR ENDED 31 JULY 2001

	Share capital Sh'000	Capital reserves Sh'000	Revenue reserves Sh'000	Proposed dividend Sh'000	Total Sh'000
GROUP					
At 1 August 1999	47,195	226,564	273,195	-	546,954
Revaluation surplus realised on disposal of plant and equipment	-	(1,675)	1,675	-	-
Net profit for the year	-	-	92,213	-	92,213
Interim dividend paid	-	-	(10,383)	-	(10,383)
Proposed dividend	-	-	(18,689)	18,689	-
At 31 July 2000	47,195	224,889	338,011	18,689	628,784
Reserves capitalised (note 16)	9,439	-	(9,439)	-	-
Net profit for the year	-	-	42,640	-	42,640
Dividend paid	-	-	-	(18,689)	(18,689)
Interim dividend paid	-	-	(12,459)	-	(12,459)
Deferred income taxes	-	2,852	-	-	2,852
Proposed dividend	-	-	(18,689)	18,689	-
At 31 July 2001	56,634	227,741	340,064	18,689	643,128
COMPANY					
At 1 August 2000	47,195	504,293	(4,534)	-	546,954
Surplus on revaluation of investment in subsidiary	-	56,939	-		56,939
Net profit for the year	-	-	35,274	-	35,274
Interim dividend paid	-	-	(10,383)	-	(10,383)
Proposed dividend	-	-	(18,689)	18,689	-
At 31 July 2001	47,195	561,232	1,668	18,689	628,784
Surplus on revaluation of investment in subsidiary	-	7,263	-	-	7,263
Net profit for the year	-	-	38,165	-	38,165
Dividend paid	-	-	-	(18,689)	(18,689)
Interim dividend paid	-	-	(12,459)	-	(12,459)
Reserves capitalised (note 16)	9,439	-	(9,439)	-	-
Deferred income taxes	-	64	-	-	64
Proposed dividend	-	-	(18,689)	18,689	-
	56,634	568,559	(754)	18,689	643,128

consolidated cash flow statement

FOR THE YEAR ENDED 31 JULY 2001

	Note	2001 Sh'000	2000 Sh'000
OPERATING ACTIVITIES			
Cash generated from operations	20(a)	127,602	128,446
Interest received		21,236	29,103
Taxation paid		(77,312)	(70,517)
Net cash generated from operating activities		[illegible],526	87,032
INVESTING ACTIVITIES			
Purchase of plant and equipment		(22,891)	(115,706)
Proceeds on disposal of plant and equipment		254	1,904
Purchase of bonds		(50,766)	
Redemption of bonds		[illegible]	4,849
Dividends received		634	602
Net cash used in investing activities		([illegible],569)	(108,351)
FINANCING ACTIVITIES			
Dividends paid		([illegible],148)	(48,138)
DECREASE IN CASH AND CASH EQUIVALENTS		([illegible],191)	(69,457)
CASH AND CASH EQUIVALENTS AT 1 AUGUST		240,327	309,784
CASH AND CASH EQUIVALENTS AT 31 JULY	20(b)	[illegible]36	240,327

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Accounting Standards. The principal accounting policies adopted remain unchanged from the previous year and are set out below:

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis of accounting as modified for the revaluation of certain property, plant and equipment.

CONSOLIDATION

The group financial statements reflect the results of the consolidation of the financial statements of the company and its subsidiary, Carbacid (CO_2) Limited, whose financial year ends on 31 July.

TURNOVER

Turnover represents the value of carbon dioxide gas and dry ice invoiced to customers, excluding value added tax.

COMMERCIAL PAPER, TREASURY BILLS AND BONDS

Investments in commercial paper, treasury bills and bonds are stated at face value less unearned discounts. Discounts on purchase are recognized to income over the period of maturity of the related investments.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and labour, together with the relevant production overheads.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost or valuation less depreciation.

DEPRECIATION

Depreciation is calculated to write off the cost or valuation of property, plant and equipment in equal instalments over their estimated useful lives at the following annual rates:

Leasehold land	Over the remaining period of the lease
Buildings	Over 50 years, or remaining period of lease whichever is less
Boreholes	5%
Roads	10%
Motor vehicles	10% - 25%
Plant and equipment	5% - 33.3%

INVESTMENT IN SUBSIDIARY COMPANY

Investment in subsidiary company is stated at the net asset value of the subsidiary at the balance sheet date.

1 ACCOUNTING POLICIES (continued)

QUOTED INVESTMENTS

Investments are stated at cost or at valuation where there has been a permanent diminution in value of the investment.

TAXATION

Current taxation is provided for on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred income tax is provided for, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

RETIREMENT BENEFIT OBLIGATIONS

The group operates a defined contribution pension scheme for eligible non-unionisable employees. The scheme is externally administered and is funded by contributions from both the company and employees.

The group also operates an unregistered non-contributory scheme for its senior management.

The group also contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Sh 80 per employee per month.

The group's obligations to these schemes are recognised in the income statement as they fall due.

PROVISION FOR EMPLOYEE ENTITLEMENTS

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the balance sheet date.

FOREIGN CURRENCIES

Assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the income statement.

OPERATING LEASES

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight line basis over the lease term.

2 OPERATING PROFIT

	2001 Sh'000	2000 Sh'000
The operating profit is arrived at after charging:		
Directors' emoluments		
Fees	[illegible]	1,840
Other emoluments	[illegible]	6,353
Auditors' remuneration	[illegible]	1,021
Staff costs (note 3)	[illegible]	27,285
Depreciation	[illegible]	38,130
Tax penalties	[illegible]	4,735
Operating lease payments	[illegible]	366
and after crediting:		
Operating lease payments receivable	[illegible]	3,509
Profit on disposal of plant and equipment	[illegible]	1,578
Rent receivable	[illegible]	3,509

3 STAFF COSTS

	2001 Sh'000	2000 Sh'000
Salaries and wages	[illegible]	20,947
Social security costs	[illegible]	47
Pension costs - defined contribution plan	[illegible]	753
- unregistered non contributory scheme	[illegible]	1,131
Terminal benefits	[illegible]	86
Leave pay provision	[illegible]	4,321
	[illegible]	27,285

The average number of staff employed by the group on contracts of service during the year was as follows:

	2001 No.	2000 No.
Administration	[illegible]	14
Production	[illegible]	37
	[illegible]	51

4 FINANCE INCOME

		2001 Sh'000	2000 Sh'000
Interest receivable from	- bonds and treasury bills	[illegible]	19,048
	- commercial paper	1,024	1,716
	- short term deposits	[illegible]	9,167
	- current account	355	302
	- other interest	[illegible]	-
		[illegible]	30,233
Net foreign exchange gains		[illegible]	2,671
Dividends receivable- gross		584	602
		22,210	33,506

5 TAXATION

(a) TAX EXPENSE

	2001 Sh'000	2000 Sh'000
Current taxation based on taxable *profit at 30%*	[illegible]	52,433
Deferred tax – current year	[illegible]	(9,670)
– prior periods	[illegible]	(1,465)
	[illegible]	(11,135)
	[illegible]	41,298

(b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAX EXPENSE

	2001 Sh'000	2000 Sh'000
Accounting profit before taxation	[illegible]	133,511
Tax at the applicable rate of 30%	[illegible]	40,053
Tax effect of expenses not deductible for tax purposes	[illegible]	2,860
Tax relating to prior periods	[illegible]	(1,465)
Tax effect of income not taxable		(180)
Withholding tax		30
	[illegible]	41,298

(c) DEFERRED TAX RELATING TO ITEMS CREDITED TO CAPITAL RESERVE

	2001 Sh'000	2000 Sh'000
Deferred taxation on revaluation surpluses on property, plant and equipment	[illegible]	-

6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders dealt with in the company financial statements of Carbacid Investments Limited is Sh 19,476,000 (2000 - Sh 35,274,000).

7 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is based on the profit attributable to shareholders for the year of Sh 42,640,000 (2000 – Sh 92,213,000) and on the 11,326,755 shares in issue during the year.

Due to the bonus issue approved at the Annual General Meeting held on 8 December 2000, the 2000 comparative figure has been amended in line with International Accounting Standard No. 33.

Diluted earnings per share is the same as the basic earnings per share.

8 DIVIDEND PER SHARE

	2001	2000
	Sh	Sh
Interim dividend paid	1.1	1.1
Final dividend proposed	1.65	1.65
	2.75	2.75

9 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold land, buildings and boreholes Sh'000	Roads Sh'000	Motor vehicles Sh'000	Plant and Equipment Sh'000	Capital work in progress Sh'000	Total Sh'000
COST OR VALUATION						
At 1 August 2000	84,003	23,453	91,924	259,723	100,108	559,211
Additions	109	-	1,050	112	21,120	22,391
Transfer	-	-	-	121,228	(121,228)	-
Disposals	-	-	(1,158)	(721)	-	(1,879)
At 31 July 2001	84,112	23,453	91,816	380,342	-	579,723
Comprising:						
Valuation – 1994	40,748	4,716	7,940	237,294	-	290,698
Cost	43,364	18,737	83,876	143,048	-	289,025
	84,112	23,453	91,816	380,342	-	579,723
DEPRECIATION						
At 1 August 2000	8,521	7,818	69,017	127,835	-	213,191
Charge for the year	1,658	2,345	8,995	27,578	-	40,576
Eliminated on disposals	-	-	(1,158)	(238)	-	(1,396)
Reclassification	-	-	(638)	638	-	-
At 31 July 2001	10,179	10,163	76,216	155,813	-	252,371
NET BOOK VALUE						
[redacted]						
At 31 July 2000	75,482	15,635	22,907	131,888	100,108	346,020

Property, plant and equipment with a cost of Sh 47,165,490 (2000 – Sh 23,130,562) were fully depreciated at 31 July 2001. The normal depreciation charge in respect of these assets for the year would have been Sh 9,712,133 (2000 – Sh 4,940,656).

9 PROPERTY, PLANT AND EQUIPMENT *(continued)*

If the property, plant and equipment were stated on the historical cost basis, the net book values would be as follows:

GROUP

	Leasehold land, buildings and boreholes Sh'000	Roads Sh'000	Motor vehicles Sh'000	Plant and Equipment Sh'000	Capital work in progress Sh'000	Total Sh'000
Group	42,876	13,142	15,609	152,077	-	223,704
Company	35,414	-	-	-	-	35,414

COMPANY

	2001 Sh'000 Leasehold land and buildings	2000 Sh'000 Leasehold land and buildings
COST OR VALUATION		
At 31 July 2001 and 1 August 2000	59,319	59,319
Comprising:		
Valuation 1994	20,000	20,000
Cost	39,319	39,319
	59,319	59,319
DEPRECIATION		
At 1 August 2000	4,351	3,301
Charge for the year	1,050	1,050
At 31 July 2001	5,401	4,351
NET BOOK VALUE	53,918	54,968

10 INVESTMENT IN SUBSIDIARY COMPANY

Shares at net asset valuation	[illegible]	558,596

11 OTHER INVESTMENTS

GROUP AND COMPANY

Quoted investments at cost (market value – Sh 5,851,791 2000 – Sh 6,349,000)	1,648	1,648

12 INVENTORIES

GROUP	2001 Sh'000	2000 Sh'000
Carbon dioxide gas and dry ice	2,457	820
Spare parts and materials	[illegible]	6,405
Fuel and chemicals	[illegible]	781
Oxygen gas	59	-
	[illegible]	8,006

13 TRADE AND OTHER RECEIVABLES

	GROUP 2001 Sh'000	GROUP 2000 Sh'000	COMPANY 2001 Sh'000	COMPANY 2000 Sh'000
Trade receivables	17,882	31,584	-	-
VAT recoverable	-	12,262	-	-
Interest receivable	[illegible]	4,918	814	-
Prepayments	23	404	-	-
Other receivables	[illegible]	539	-	-
	[illegible]	49,707	814	-

14 BONDS AND TREASURY BILLS

	GROUP 2001 Sh'000	GROUP 2000 Sh'000	COMPANY 2001 Sh'000	COMPANY 2000 Sh'000
Government treasury bills	[illegible]	118,600	[illegible]	-
Discount on purchase	[illegible]	(2,621)	[illegible]	-
	[illegible]	115,979	[illegible]	-
Treasury bonds	[illegible]	36,250	[illegible]	-
(Discount)premium on purchase	(8)	21	(8)	-
	[illegible]	36,271	[illegible]	-
East African Development Bank bonds	6,750	6,250	-	-
Discount on purchase	(9)	(16)	-	-
	6,741	6,234	-	-
At 31 July	[illegible]	158,484	[illegible]	-

	GROUP		COMPANY	
	[illegible]	2000	2001	2000
	[illegible]	Sh'000	[illegible]	Sh'000
15 COMMERCIAL PAPER				
Kenya Oil Company Limited				
- Sh 14,604,240 due 2 August 2001	[illegible]	-	[illegible]	-
- Sh 15,536,512 due 7 October 2001	[illegible]	-	[illegible]	-
Mabati Rolling Mills Limited				
- Sh 9,750,086 due 13 August 2001	[illegible]	-	[illegible]	-
	[illegible]	-	[illegible]	-
Less: Discount on purchase	[illegible]	-	[illegible]	-
	[illegible]	-	[illegible]	-

16 SHARE CAPITAL

	COMPANY 2001	COMPANY 2000
Authorised:		
12,000,000 ordinary shares of Sh 5 each (2000 - 10,000,000 ordinary shares of Sh 5 each)	[illegible]	50,000
Issued and fully paid:		
11,326,755 ordinary shares of Sh 5 each (2000 - 9,438,963 ordinary shares of Sh 5 each)	[illegible]	47,195

At the Annual General Meeting held on 8 December 2000, shareholders increased the company's authorized share capital from Sh 50,000,000 to Sh 60,000,000 by the creation of additional 2,000,000 ordinary shares of Sh 5 each.

At the same meeting, a sum of Sh 9,438,960 being part of the amount standing to the credit of the revenue reserve account was capitalized. The amount was applied in paying up in full at par 1,887,792 new ordinary shares of Sh 5 each, allotted and distributed credited as fully paid up to holders of the ordinary shares of the company on the Register of Members at the close of business on 14 November 2000 in the proportion of one new share for every five ordinary shares then held.

17 DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%. The net deferred taxation liability is attributed to the following items:

	GROUP		COMPANY	
	2001 Sh'000	2000 Sh'000	2001 Sh'000	2000 Sh'000
Accelerated capital allowances	49,065	15,723	-	(3,687)
Leave pay provision	(462)	(986)	-	-
Unrealised exchange gains	4,027	140	4,237	-
Revaluation surplus	31,090	33,942	5,551	5,615
Tax losses	(9,886)	-	-	-
	73,834	48,819	9,788	1,928

The movement on the deferred tax account is as follows:

	GROUP 2001 Sh'000	GROUP 2000 Sh'000	COMPANY 2001 Sh'000	COMPANY 2000 Sh'000
At 1 August	48,819	58,489	1,928	2,242
Capital reserve credit	(2,852)	-	(64)	-
Income statement charge/(credit)	27,867	(9,670)	7,924	(314)
	73,834	48,819	9,788	1,928

18 TRADE AND OTHER PAYABLES

	GROUP 2001 Sh'000	GROUP 2000 Sh'000	COMPANY 2001 Sh'000	COMPANY 2000 Sh'000
Trade payables	2,916	3,220	-	-
Cylinder deposits	3,836	3,998	-	-
Unclaimed dividends	1,775	1,258	1,775	1,258
Other payables and accruals	13,771	10,713	557	254
Leave pay provision	1,541	4,321	-	-
	23,839	23,510	2,332	1,512

19 DUE TO SUBSIDIARY COMPANY

COMPANY

	2001 Sh'000	2000 Sh'000
Due to Carbacid (CO_2) Limited	27,390	14,402

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20 NOTES TO THE CASH FLOW STATEMENT

	[redacted]	2000 Sh'000
(a) RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS	[redacted]	
Operating profit	[redacted]	100,005
Depreciation	[redacted]	38,130
Profit on disposal of plant and equipment	[redacted]	(1,578)
Net foreign exchange gains	[redacted]	2,671
Operating profit before working capital changes	[redacted]	139,228
(Increase)/decrease in inventories	[redacted]	172
Decrease/(increase) in trade and other receivables	[redacted]	(8,008)
Increase/(decrease) in trade and other payables	[redacted]	(2,946)
Cash generated from operations	[redacted]	128,446
(b) ANALYSIS OF CASH AND CASH EQUIVALENTS	[redacted]	
Treasury bills	[redacted]	115,979
Commercial paper	[redacted]	-
Short term deposits	[redacted]	127,278
Bank balances and cash	[redacted]	10,900
Bank overdraft (secured)	[redacted]	(13,830)
	[redacted]	240,327

For the purpose of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

21 CAPITAL COMMITMENTS

	[redacted]	2000 Sh'000
GROUP AND COMPANY	[redacted]	
Contracted but not provided for	[redacted]	38,859
Authorised but not contracted for	[redacted]	-

22 CONTINGENT LIABILITIES

GROUP	[redacted]	
Disputed land rent	[redacted]	400

23 RETIREMENT BENEFIT OBLIGATIONS

The group contributes to a defined contribution scheme and to a statutory defined pension scheme, the National Social Security Fund. Contributions to the group plan are determined by the rules of the plan and totalled Sh 1,250,260 (2000 – Sh 753,480) in the year. Contributions to the statutory scheme are determined by local statute. During the year ended 31 July 2001, the group contributed Sh 46,160 (2000 – Sh 47,360) to the statutory scheme.

The group also contributes to unregistered non-contributory schemes for the senior management. Contributions in the year totalled Sh 1,267,700 (2000 – Sh 1,130,730).

24 OPERATING LEASE COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	2001 Sh'000	2000 Sh'000
Not later than 1 year	378	378
Later than 1 year and not later than 5 years	1,512	1,512
Later than 5 years	17,826	18,204
	19,716	20,094

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2001 Sh'000	2000 Sh'000
Not later than 1 year	3,509	3,509

25 COUNTRY OF INCORPORATION

The company is incorporated in Kenya under the Companies Act.

26 CURRENCY

These financial statements are presented in Kenya Shillings Thousands (Sh'000).

notes

proxy form

I/We ____

of ____

being a Member(s) of CARBACID INVESTMENTS LIMITED hereby appoint ______________________

______________________ of ______________________

or failing him ____

of ____

or failing him the Chairman of the meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Nairobi Serena Hotel (Allamanda Room), Kenyatta Avenue, Nairobi on Friday 21st December 2001 at 10.30 a.m., and at any adjournment thereof.

Unless otherwise instructed, the proxy will vote as he thinks fit.

Dated this ______________________ day of ______________________ 2001

Signature ____

Notes:

1. A member may appoint a proxy of his own choice. If such an appointment is made, delete these words "Chairman of the Meeting" and insert the name of the person appointed proxy in the space provided.

2. If the appointer is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.

3. In the case of joint holders, the signature of any one holder will be sufficient but the names of the joint holders should be stated.

4. To be valid, this form must be completed and deposited at the Registered Office of the Company, 3rd Floor, Comcraft House, Haile Selassie Avenue, P.O. Box 30633, Nairobi, GPO, 00100, not less than twenty four hours before the time fixed for holding the meeting or adjourned meeting.

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Fold 2
Kisha Kunja Hapa

STICK
STAMP
HERE

Kunja Hapa Kwanza

Fold 1

Compay Secretary
Carbacid Investments Limited
P.O. Box 30633
Nairobi, GPO, 00100
Kenya

Fold 3
Halafu Kunja Hapa

Insert flap inside
Sasa ingiza hii karatasi ndani ya
mkunjo ili ionekane kama bahasha